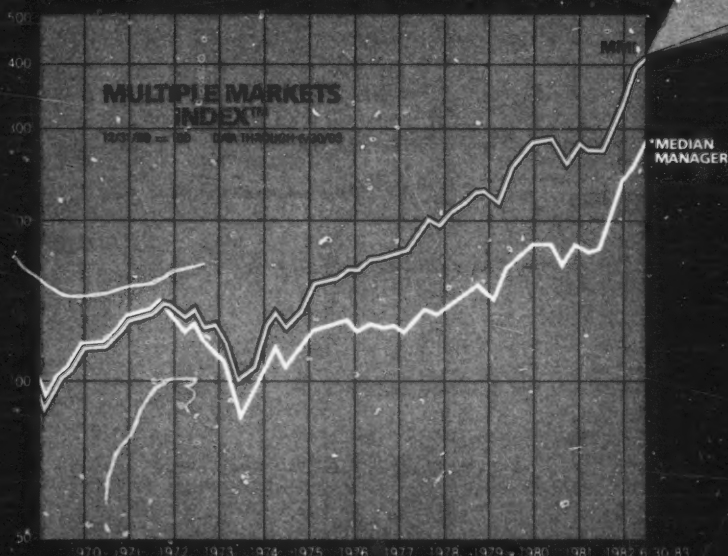


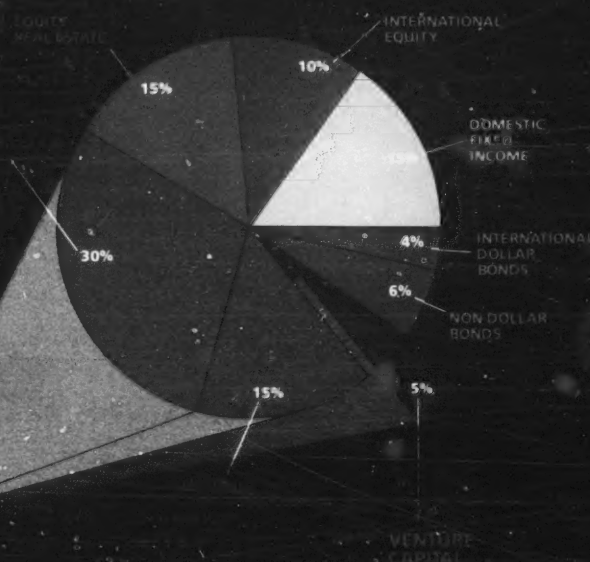
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Shown below are the latest data on First Chicago's Multiple Markets Index™ (MMI), a comprehensive multi-asset performance benchmark for measuring your total portfolio results. The MMI, carefully constructed to be a fair and representative proxy for a fully integrated institutional portfolio, uses passive market components and fixed policy weights.



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Three First National Plaza, Suite 0106
Chicago, Illinois 60670
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Investment Management Group

Data show many plans were overfunded in 1980

By Joel Chernoff

WASHINGTON — Sixty-one pension plans with at least 500 participants each were overfunded by \$50 million or more by the end of the 1980 plan year, according to Internal Revenue Service data.

High on the list was State Farm Insurance Co.'s plan for salaried employees, with \$252.7 million in excess assets out of \$607.9 million in total assets.

Next came Firestone Tire & Rubber Co.'s retirement plan, chalking up a surplus of \$215.1 million out of \$517.9 million.

But simply looking at assets minus all accrued benefits does not tell the whole story.

While State Farm's interest rate assumption for valuing benefits was a very conservative 4%, Firestone's assumption topped the list at 13%. Most of the plans used interest rate assumptions ranging from 6% to 9%.

Using a higher interest rate diminishes the amount of assets needed to cover benefits, thus making the pension plan appear better funded.

Also, the change in liabilities hinges on the makeup of the participant population. A 1% increase in the assumption for employees already receiving benefits might mean a 5% to 10% decrease in liability, according to Gary Pines, senior vice president and actuary with Meidinger Inc., Chicago.

In comparison, a 1% rate increase for active employees could decrease corresponding liabilities by

20% to 30%, he said.

Thus, adding together the "overfunded" assets of each of the plans is like adding apples and oranges, "and a few pears," according to Manuel Castells, partner with the benefits consulting firm of Kwasha Lipton, Fort Lee, N.J.

Yet another actuary observed that some companies, fearful of becoming takeover targets, are lowering their interest rate assumptions, among other things, to make themselves appear less attractive. Still other companies have raised their assumptions during the recession to look healthier.

Not only do interest rate assumptions confuse the issue, but the figures do not indicate whether plans really are overfunded.

"Any (mature) U.S. pension plan that is funded by generally accepted cost methods will produce assets in excess of liabilities," said Robin G. Holloway, vice president of Towers, Perrin, Forster & Crosby, New York.

"Pension plans are designed to spread the cost over the years of a pension plan's rational life and will automatically produce a surplus in a plan that is mature," he said. Other actuaries point out that company contributions are planned to cover future salary assumptions, while the value of present accrued benefits would not account for future earnings.

"I would be surprised that a salary plan would be underfunded," Mr. Holloway said. Five or six years ago, however, a different measure was used for determining

whether plans were well-funded. That measure was related to the ongoing funding of the plan and tended to show plans as underfunded, he explained.

"The point is, are overfunded plans really overfunded?" Mr. Pines said.

Going by the data taken from the annual 5500 Form that companies must file for each pension plan, many are. A list of roughly 3,000 plans that were overfunded to the tune of \$1 million or more was compiled by the IRS at the request of Rep. Claude Pepper D-Fla., then chairman of the House Select Committee on Aging. The committee then offered the raw data to *Pensions & Investment Age*, which extracted the data on the most overfunded plans (see box).

Given the past year's bull markets, experts believe plans are far better off than they were at the end of 1980.

"If the purpose of the plan were to terminate it right now, it may be overfunded," said Mr. Pines. But pension plans are provided to meet long-term retirement income security goals.

Rather than terminating, most companies should be looking at what funding flexibility they could achieve to tie in with overall corporate financial needs, he added. Companies that need cash in the upcoming year can try to knock down their funding levels, Mr. Pines said.

There are other ways to maneuver an excess. Significantly over-

Continued on page 63

Pension plans overfunded by \$100 million or more**

Name of sponsor/plan	Interest rate assumption for valuing benefits	Value of assets (\$ millions)	Overfunded amount (\$ millions)
State Farm Insurance Cos. Retirement Plan for U.S. Employee	4%	\$607.9	\$252.7
Firestone Tire & Rubber Co. Retirement Plan	13%	517.9	215.1
Shell Pension Plan	8%	1,062.3	186.2
Sun Co. Inc. Retirement Plan	7.5%	745.8	186.2
Phillips Petroleum Co. Retirement Income Plan	8%	720.0	176.4
Texaco Group Pension Plan	NA	1,037.7	169.7
United Technologies Corp. Employee Retirement Plan	NA	1,255.2	167.5
Citibank, N.A. Retirement Plan	8%	445.2	166.3
Aeroflot-General Corp. Consolidated Pension Plan	NA	317.9	162.5
Sandia Corp. Retirement Income Plan	6%	423.7	154.8
John Deere Pension Plan for Salaried Employees	9%	516.2	143.2
New York Life Insurance Co. Retirement & Pension Plan	6%	475.2	140.1
Dart & Kraft Inc. Pension Plan	9%	496.2	134.9
Savings Association Retirement Fund	8%	375.8	127.7
United Air Lines Inc. Fixed Benefit Retirement Income Plan	NA	543.9	126.9
John Hancock Mutual Life Insurance Co. Pension Plan	NA	474.7	119.4
J.C. Penney Co. Inc. Pension Plan	6%	279.8	117.1
Florida Power & Light Co. Employees Pension Plan	5%	252.0	117.0
General Dynamics Corp. Retirement Plan for Salaried Employees	6%	501.3	109.9
Celanese Corp. Retirement Income Plan	7%	320.8	108.5
Martin Marietta Aluminum Pension Plan for Salaried Employees	7.9%	369.7	106.1
Great Atlantic & Pacific Tea Co. Employees Retirement Plan*	7%	293.3	103.4
TRW Inc. Salaried Pension Plan	9%	481.2	103.2
American Electric Power System Retirement Plan	8%	358.9	100.8

**As of end of 1980 plan year. (500 participants or more)

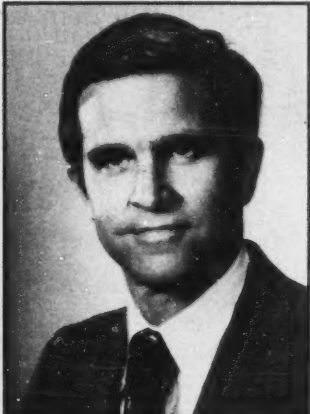
*Termination pending. Source: Internal Revenue Service

Managers brainstorm on investment climate

InterFirst: clear weather for defense stocks

By Nancy Webman

DALLAS — More than a week after the Soviet Union shot down a civilian Korean aircraft, the ramifications of that incident on the stock market still were a topic of



Dan Forrestal: In the background

conversation at the investment strategy meeting of InterFirst Investment Management Inc.

Noting that Kidder Peabody was pushing Martin Marietta stock heavily, one analyst at the Sept. 9 meeting said, "The mood for defense stocks isn't going to be negative for months."

Many of the more than 24 men and women at the meeting agreed, although one injected a note of caution. He said he believes stocks such as Martin Marietta would get by more on psychology than for

any other reason.

Discussions of specific stocks are common at these sessions because of their frequency. Unlike many other investment management firms that hold weekly meetings, the InterFirst gatherings are part of the daily routine, starting every weekday at 8:30 a.m.

The mood is casual, with coffee mugs adorning the conference table, a few temporarily discarded shoes underneath and almost everyone without suit jackets.

Still, there is nothing casual about the meeting.

The agenda seems so finely tuned that each presenter of information begins a split-second after the previous person finishes, much like actors in a play. The meeting begins with general discussions of the stock and bond markets and general economic conditions, then progresses to strategy and specifics on various stocks.

Actual stock selection is done at another, smaller meeting, but analysts use the general strategy session almost as a rehearsal.

At a recent meeting, for example, an analyst made a pitch to sell Western Union holdings.

She noted a Wall Street analyst who specializes in Western Union had revised his earnings forecast in less than 24 hours. "There's a lot of uncertainty. I'm very uncomfortable with us owning a company where we don't understand what's going on... I'm inclined to sell," the InterFirst analyst said.

That day's sell list did not include Western Union. Cleveland Electric, Coca-Cola, Johnson & John-

Continued on page 62

Capital Supervisors sees cloudy forecast for sluggish stock market

By Kimberly Blanton

CHICAGO — A sluggish stock market set a cautious pace at Capital Supervisor weekly investment meeting held Aug. 31.

Much of Capital Supervisor's decision-making involved searching out gems to place on its buy list or deciding whether to hang tough on stocks already there.

Sure buys like American Telephone & Telegraph Co. and Exxon Corp. emerged from the meeting secure on the list, next to Archer Daniels Midland Co. and Allied Stores Corp., which held tenaciously despite poor performance. The investment group also remained positive about its large holdings in utilities.

"I don't feel like chasing anything in this market," commented Lee Thurow, reflecting the tone for the meeting. Mr. Thurow is one of three founders of the firm that was established in 1973.

Capital Supervisors manages combined stock and bond accounts primarily for public funds. The Chicago Public School Teachers' Pension & Retirement Fund is among its large accounts.

Despite equity restrictions placed on much of the money it manages, the firm still plans equity investments for \$1.3 billion of its \$3.3 billion in assets under management. A typical public fund has a restriction that no more than 50% of the entire fund can be placed in equities.

Following its top-down style of investment management, Capital Supervisor's discussion moves from analysis of the entire economy,

through technical analysis of the stock market itself, to scrutiny of individual stock issues.

The agenda is followed closely, yet discussion is open among the four investment professionals attending the summer strategy session. Typically, six or seven attend.

Donald Brua, executive vice president and founder, started discussion with talk of the economy — the direction of interest rates in particular. The investment group affirmed his expectation that rates should resume their downward direction amid a lackluster recovery. The firm has a fully invested position in its bond portfolios.

Technical analysis of the stock market, Theodore Tonneman's specialty, pointed to a deteriorating market. Mr. Tonneman, a founder, is executive vice president.

"This market is deteriorating,

Donald Brua: leading the discussion



and it's deteriorating a lot more than people perceive," asserted Mr. Tonneman, receiving little argument from his colleagues.

He painted a pessimistic scenario with "aborted rallies and low volume," setting the tone for cautious equity investing. He saw no evidence for reducing the 15% to 20% cash position in the firm's equity portfolios.

Following technical analysis, each member of the investment group recommended the stocks in his area.

Mr. Tonneman suggested Schering-Plough Corp. and Hospital Corp. as good buys, but saw few good stocks in the area he follows: health and cosmetics. "No news on the drug stocks," he added. "It's part of this lackluster market."

The signals also were mixed in Robert Streed's bag of miscellaneous stocks. "The only broad-based industries (where) I can find a trend" are in chemical and oil companies, said Mr. Streed, assistant vice president. There, Exxon, is the "No. 1 choice" to buy.

He defended the placement of Allied Stores on the buy list, although the stock is down. "Allied Stores is a very tough one," because its fundamentals are good and sales are up, he said.

"I've got some fat orders in" for AT&T, Mr. Thurow informed the

Continued on page 62

These articles introduce an occasional series in which *Pensions & Investment Age* reporters will sit in on investment strategy meetings at investment advisory organizations.

Firms sweep broker survey . . .

Continued from page 1
brokers, the best three Wall Street economists, the best three market technicians and the best market letters.

In the ranking for equity research, Merrill Lynch was the clear winner as it was named best by 15

institutions, second best by eight others and third by eight to garner 69 points. Goldman Sachs' equity research was rated second best, with 44 points. It was named best by six institutions, second best by 10 and third by six.

Morgan Stanley's equity research

was rated third with 41 points. It received more first-place votes than Goldman — eight, but received fewer second- and third-place ratings.

Many others, including Paine Webber, C.J. Lawrence, Smith Barney, Prudential-Bache and

Donaldson, Lufkin & Jenrette received first-place votes from a few institutions.

While the institutions like Merrill's equity research, they are less enthusiastic about its block trading.

Goldman Sachs received the highest score overall for block trading — 96 points — and had a commanding lead over Salomon Bros., 58 points; Merrill Lynch, 39 points; and Morgan Stanley, 18.

Goldman received the most votes — 20 — for the best block trading, and was named second best by 16 institutions and third best by four.

Salomon Bros. was rated best in block trading by 12 institutions and second best by 11.

Merrill Lynch's block trading was rated best by only six of the institutions, five rated it second best and eight rated it third.

Only three institutions rated Morgan Stanley's equity block trading best. None named it second best, but nine rated it third.

For fixed-income research, Salomon Bros. seems to have virtually no rival. It racked up 92 points as 25 of the 59 institutions responding to the survey named it the best in the field, six ranked it second and five ranked it third.

Its closest rival was Merrill Lynch with 42 points from six first-place votes, nine second-place votes and six third-place votes.

Goldman Sachs was third in fixed-income research overall with 37 points, followed by First Boston with 27.

Unlike equities, fixed-income research and execution apparently go together, as Salomon Bros. was again the favored firm with 97 points.

Twenty-nine institutions rated Salomon's fixed execution tops while six rated it second best and five ranked it third.

The closest rival was Merrill Lynch with 45 points from six first-place, nine second-place and six third-place votes. Trailing Merrill were Goldman Sachs, 35 points, and First Boston, 27 points.

The Wall Street economist most respected by the institutions is Ed Hyman of Cyrus J. Lawrence Inc., according to the survey.

Mr. Hyman received 50 points; he was voted best by 15 of the institutions, second best by one, and third best by three.

The second- and third-ranked economists are Gary Wenglowksi from Goldman Sachs and Salomon's interest-rate guru Henry Kaufman.

Other economists receiving more than two first-place votes were Gert Von der Linde of Donaldson, Lufkin & Jenrette, four; and Edward Yardeni of PruBache and Jack Lavery of Merrill Lynch, three each.

Robert Farrell of Merrill Lynch was by far the most respected market technician with 75 points from 21 first-place votes, five seconds and two thirds. His closest competition was John Mendelson of Morgan Stanley. Other technicians getting a number of first-place votes were Stanley Berge of Tucker, Anthony & R.L. Day Ltd., and Alan Shaw of Smith Barney.

The institutions also identified their choices of the best regional brokerage concerns, but the result was less clear-cut.

Montgomery Securities of San Francisco came out on top with 29 points with four institutions voting it the best, seven ranking it second best and three placing it third. However, Hambrecht & Quist, which ranked fourth on total points had more first place votes — six — than any other regional firm.

Trailing Montgomery Securities on points were Alex Brown & Sons of Baltimore, 23 points, and Robinson Humphrey & Co. of Atlanta, 21 points.

Other firms receiving more than one vote as the best regional brokers were William Blair & Co. of Chicago, Rotan Moseley of Houston, McDonald & Co. of Cleveland, and Raymond, James & Associates, St. Petersburg, Fla.

The chief investment officers were asked where they thought the Dow Jones Industrial Average would be on Dec. 31, and most believe it will be higher than it is now. While a couple of bulls said it would be at 1,500 and one bear said it would be down at 980, the median expectation was 1,305.

Institutional use of brokers

How brokers rate on costs

What were the total brokerage commissions paid by your institution in 1982?

Aggregate: \$102,731,600
High: \$15,000,000
Median: \$900,000
Low: \$13,000

How many brokerage firms did you use in 1982?

High: 200
Median: 32
Low: 4

What were your trading costs per share in 1982?

High: 35¢
Average: 13.4¢
Low: .085¢

Which three brokerage firms received most of your business in 1980, and how much went to each? (Data show firms receiving largest amounts from the respondents):

Merrill Lynch	\$4,102,913
Goldman Sachs	\$3,266,561
Salomon Brothers	\$2,145,220
E.F. Hutton	\$1,846,473
Morgan Stanley	\$1,010,175

How brokers rate on research, execution

(number of mentions)

	Most often named 1st	Most often named 2nd	Most often named 3rd
Best equity research	Merrill Lynch (15) Morgan Stanley (8) Goldman Sachs (6) Kidder Peabody (4)	Goldman Sachs (10) Merrill Lynch (8) Morgan Stanley (6) Kidder Peabody (5)	Merrill Lynch (8) Goldman Sachs (6) Kidder Peabody (5) Morgan Stanley (5)
Best equity trading	Goldman Sachs (20) Salomon Bros. (12) Merrill Lynch (6) Morgan Stanley (3)	Goldman Sachs (16) Salomon Bros. (11) Merrill Lynch (5) Kidder Peabody (3)	Morgan Stanley (9) Merrill Lynch (8) Goldman Sachs (4) Smith Barney (3)
Best fixed-income research	Salomon Bros. (25) Merrill Lynch (6) First Boston (4) Lehman Bros. (3) Goldman Sachs (3)	Goldman Sachs (14) Merrill Lynch (9) Salomon Bros. (6) First Boston (4)	First Boston (7) Merrill Lynch (6) Salomon Bros. (5) Smith Barney (4)
Best fixed-income execution	Salomon Bros. (29) Merrill Lynch (5) Goldman Sachs (3) First Boston (3)	Goldman Sachs (10) Merrill Lynch (8) First Boston (7) Kidder Peabody (4)	Merrill Lynch (14) Goldman Sachs (6) First Boston (4) Pru-Bache (3)
Best regional brokers	Hambrecht & Quist (6) Robinson Humphreys (5) Alex Brown (5)	Montgomery Securities (7) Alex Brown (4) William Blair (3) Robinson Humphreys (3)	Hambrecht & Quist (4) Prescott, Ball & Turben (3) Rotan Moseley (3) Montgomery Securities (3)
Best market technicians	Robert Farrell (21) John Mendelson (7) William O'Neil (4)	John Mendelson (7) Robert Farrell (5) Allen Shaw (5)	Allen Shaw (4) Stanley Berge (3) John Mendelson (3)
Best Wall Street economists	Ed Hyman (15) Gary Wenglowski (7) Gert Von der Linde (4)	Gary Wenglowski (8) Henry Kaufman (6) Edward Yardeni (4)	Henry Kaufman (5) Jack Lavery (4) Ed Hyman (3) Richard Hoey (3)
Best market letters	Professional Tape Reader	Professional Tape Reader	Quality of Earnings Report

Cash Management

Top 50 industrial portfolios up 25%

Firms' short-term holdings rise 26% to \$49.9 billion

NEW YORK — The cash and short-term investment portfolios of the largest 100 industrial corporations rose by 26% to \$49.9 billion for the year ending March 31, according to figures produced by Wright Investors' Service of Bridgeport, Conn.

The biggest increases in cash holdings were seen among the larger corporations, with the top four industrial corporations — Exxon, General Motors, Mobil and Texaco — showing a year-on-year increase of 34.1%.

The top 50 corporations registered an increase of more than 25% in the year, while the bottom 50 actually recorded a decline of 32%, the figures show.

A cash management consultant explained the figures probably demonstrated that the larger corporations, with stronger credit ratings, were able to take advantage of the market rally in its earliest stages.

If this is the case, the consultant said, he would expect the bottom 50 corporations would show increases in subsequent quarters, as the effects of the strong recovery filtered

down to the lower ranks.

The corporations use the cash and short-term holdings for working capital, but taken in isolation, the figures reveal very little, according to experts. Analysts can use the figures in conjunction with other information to produce ratios for evaluating corporations.

Among highlights, McDonnell Douglas had the biggest increase in cash holdings, 3,857%, to \$241 million. Its cash holdings fell to \$6 million March 31, 1982, which demonstrates the magnitude of fluctuation in working capital in the aircraft manufacturing business.

General Dynamics Corp. came in with the second largest increase in cash holdings for the period, 1,663%, to \$78 million. It also spends large amounts to develop new technologies before receiving payments for aircraft orders.

Two other aircraft manufacturers, Lockheed Corp. and Boeing Co., experienced two of the biggest drops in holdings. Boeing's drop was a result of costs incurred through the development of the 757 passenger aircraft.

Greyhound Corp. saw a big jump

in the level of its cash and short-term holdings, 668%. At the end of the third quarter of 1982, Greyhound's reported holdings fell to \$1 million. By the end of 1982, cash and short-term holdings had climbed back up to \$23 million, still a 42% drop from higher 1981 levels.

Union Pacific, which showed a 518% increase in cash holdings, held \$428 million at the end of March 1983. Its growth was ascribed to the Missouri Pacific takeover that took place at the end of 1981. Missouri Pacific had a large amount of cash when the takeover took place, according to James Leahy, assistant treasurer.

The biggest drop in cash and short-term holdings was reported by McDermott Inc. at 73%. According to a spokesman, the figure is misleading. McDermott now actually has more cash, he said, only it made a decision to go long in the market and purchased \$698 million long-term government bonds paying about 12.5%. The longer term instruments were not listed under cash and short-term holdings, he said, even though they could be liquidated at any time.

Program for personal computers enables bank price comparisons

Test results surprise corporations, show high price variability

By Richard J. Gillespie

CHICAGO — Corporate cash managers frustrated by the lack of standardization among bank account analyses are about to be rescued by a personal computer.

Treasury Strategies, a cash management consulting firm, has developed a program to run on an IBM-PC that can standardize all the various types of bank account analyses so corporations can, at last, compare one bank's costs with another's.

Pilot tests with four different corporations — Merrill Lynch, Combustion Engineering, Wisconsin Power & Light and Urban Investment (a division of Aetna Life) — already have established comparability among some 40 banks.

"Our immediate finding was that corporations were very surprised to see the total amount they were paying, it turned out to be much bigger than they expected," said Anthony Carfang, principal and founder of Treasury Strategies, which is marketing the program through a new company, Treasury Microwave.

"We also found that once we had standardized the information, there was a high degree of variability in the prices among banks for stated services."

In some instances, Treasury Strategies found the true cost of lock-boxing differed by 100% from one bank to another. Likewise, wire transfer and corporate checking charges could vary by the same amount.

The program shows bank costs can even vary widely within the

same locale, he said. Bank costs on individual services even vary widely among banks within similar asset classes, such as among the top 10 banks.

"We even found variations within the same bank dealing with two divisions of the same corporation," he commented.

About 29 of the top 30 banks have had service costs logged onto the program by various corporations so far. Among them, Mr. Carfang said he found Chemical Bank to be one of the most consistent in the rates it charges clients. At the same time, regional bank costs tend to vary less than money center bank costs, he said.

The computer model, as yet unnamed and unannounced publicly, can be modified to run on other computers. It costs \$7,500 to install on an IBM-PC, a price that includes two days of on-site consulting, he said.

The program itself was designed to make data entry as simple as possible, he said. The format that appears on the computer screen is identical to the format on each account analysis, so there is a different format for every bank used, he said.

In the recent pilot program conducted by Treasury Strategies with four corporations, cash managers saw, some perhaps for the first time, their comparative bank costs.

They were very surprised, according to Mr. Carfang.

Wire transfer charges, lockbox charges and checking costs were found to vary by as much as 100% from bank to bank. Complex accounting procedures had hidden

the true costs, he said.

For example, a simple cash management product like a lockbox might be charged on a flat rate of 20 cents per item, in which case 1,000 items would cost \$200. But a second bank might charge a monthly maintenance fee for lock-boxing, and then add in 10 cents per item and a reporting fee.

Most big banks break down their costs into a multiplicity of components when charging customers, he said. They break out items like monthly maintenance fees, item processing charges, photocopying charges, check encoding charges, a daily deposit charge and even a daily balance reporting charge.

At the same time as providing bills based on a multiplicity of component charges, banks will use different terminology, which can confuse matters further. One bank might call a deposit a corporate credit, another might call it a daily deposit and a third might call it a credit entry, he said.

Having standardized the data in the account analysis, the model helps corporations to compare service costs among banks. Before a true comparison can be made, however, the model has to make adjustments to allow for the differences in payment by fees or by compensating balances arrangements.

Corporations often pay banks by leaving compensating balances in accounts. Banks pay interest on the balances, but generally only at the Treasury bill rate. At the same time, because the bank must leave 13% of those balances with the Federal Reserve as a reserve require-

Continued on page 48

Changes in cash holdings of top 100 industrial corporations

(quarter ended 3/31/83)

10 largest industrial corporations

Company	Cash & short-term investments —(\$ millions)—		% change '83 vs. '82
	1983	1982	
General Motors	\$4,723	\$1,346	250.82
Int'l Business Machines	4,288	1,843	132.66
Exxon Corp.	4,279	4,116	3.96
General Electric	2,536	2,190	15.80
Texaco Inc.	2,376	2,953	-19.54
Standard Oil - Calif.	2,191	1,975	10.94
Standard Oil - Ind.	1,737	443	292.10
Ford Motor	1,669	2,013	-17.11
Mobil Corp.	1,540	680	126.47
Litton Industries*	1,485	1,089	36.30

10 largest increases in cash and short-term investments

Company	Cash & short-term investments —(\$ millions)—		% change '83 vs. '82
	1983	1982	
McDonnell Douglas	\$241	\$6	3857.38
General Dynamics**	78	4	1663.64
Greyhound	19	3	668.00
Union Pacific	428	69	518.64
Allied Corp.	270	64	321.88
Standard Oil - Ind.	1,737	443	292.10
Ralston Purina	176	46	287.47
General Motors	4,723	1,346	250.82
Aluminum Co. of Amer.	240	74	225.95
LTV	383	120	218.22

10 largest decreases in cash and short-term investments

Company	Cash & short-term investments —(\$ millions)—		% change '83 vs. '82
	1983	1982	
Continental Group	\$49	\$80	-39.08
Int'l Paper	584	971	-39.89
Union Carbide	139	260	-46.54
U.S. Steel	581	1,097	-47.05
Armco	67	135	-49.96
Standard Oil - Ohio	255	539	-52.72
Coastal Corp.	76	161	-52.93
Lockheed Corp.	36	77	-53.72
Boeing	291	744	-60.89
McDermott	144	535	-73.13

*Quarter ended 1/31/83
**Quarter ended 4/03/83
Compiled by Wright Investors Service, Bridgeport, Conn.

Bendix, Western Electric, Agway and Land-O-Lakes have been withdrawn from this list. Champion Int'l, Archer Daniels, Heinz (H.J.) and Bristol-Meyers were substituted.

N.Y. stakes Dallas...

Continued from page 3
equity ownership in the property. Construction is scheduled to begin in January after the developer, Criswell Development Co. of Dallas, secures construction financing for the skyscraper on the north side of downtown. The 1.2 million-square-foot building is planned as the first of a three-tower complex that will include a 300-room hotel and 3 million square feet of office space on six acres.

Plans to build a high-rise office building on the property had been in the works for at least two years. About 1½ years ago, the previous owner, Campeau Corp. of Toronto, abandoned plans to build on the site. Criswell then acquired an interest in the property and became managing partner of the project.

The New York Common Fund spokesman said the quality of the project, its developers and location were among the prime considerations in deciding to provide the financing.

"This will become the premiere location... the premiere building" in downtown Dallas, he said. Such a deal is consistent with the fund's role as "long-term lenders on prime office buildings," he added.

The spokesman dismissed fears of others that downtown Dallas has a glut of office space, even though a recently released study showed a 13.1% vacancy rate at the end of the second quarter. Premiere office buildings have no trouble finding tenants, he said. Most of the vacancies are in the older downtown, he noted.

Britons bat in match...

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managing properties, appraising and leasing. It now has offices in seven U.S. cities.

Richard Ellis manages \$800 million in American real estate, the total bolstered by about \$100 million worked on behalf of the real estate investment unit of The St. Paul Cos. Inc., an insurer. Other pension clients include the Imperial Tobacco Group, the Electricity Council and American Property Trust, a pooled fund for 40 U.K. pension funds.

It came to the United States soon after Jones Lang, and now has offices in five U.S. cities. Eventually, Ellis will undertake the leasing consultancy here that it has performed in other countries.

The firms also have in common the required background needed to become a flourishing real estate professional in the United Kingdom, for which no as-encompassing counterpart exists in the United States. "Charter surveyor" is a professional designation. An individual takes a five-year course that involves a college degree and practical experience. A firm can be designated a charter surveyor only if each partner is one.

"Our sense of optimism is that we, as a company, have a considerable potential in terms of what we can offer, in what we can provide to institutional investors in this country," said Ellis' Mr. Bond. "They will be looking for an adviser with the depth of expertise we have in this market, who have sold property in this market. As long as we are judged in those terms, we feel confident we will be in a very good position."

IRS data show plans overfunded...

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funded plans could be merged with less well-funded plans, suggested Towers Perrin's Mr. Holloway. "The net effect would be to reduce company contributions to the plans overall." Plan sponsors also could provide additional benefits, such as death or health benefits, or offer an "open window" early retirement plan, he said.

However, if the Financial Accounting Standards Board approves its proposal to require inclusion of net pension liabilities on the corporate balance sheet, the question of what to do with overfunding in a pension plan might not be "a big consideration" by 1985, Mr. Holloway added.

Terminations usually are not the route chosen to take advantage of an excess, actuaries agree.

Most often, companies take advantage of overfunding by reducing contributions in subsequent years, though some use the overfunding as an opportunity to improve retirement benefits, especially for retired employees.

However, financially troubled companies, or those with assets out of proportion to their liabilities, might consider termination, Mr. Holloway said.

Meidinger's Mr. Pines pointed to Occidental Petroleum Corp.'s termination of four pension plans that garnered it a \$400 million reversion (P&I Age, Aug. 22). In the long run, that move will cost the company more money because it replaced the terminated plans with a more generous money purchase plan, he said. In effect, "they said, 'We needed the cash right now and will

pay for it later on,'" Mr. Pines said.

Another recent trend has been spinning an overfunded plan into a plan for active employees and a plan for retirees, such as AMAX Inc. and Stroh Brewery Co. are attempting (P&I Age, Aug. 8 and Sept. 5). The assets in excess of those needed to cover accrued benefits are placed in the retirees' plan, which is then terminated, enabling the employer to recapture the excess. However, the Pension Benefit Guaranty Corp. asserts terminations in such instances never occurred, although the IRS has taken the position they are legal.

While some actuaries and lawyers think the action is legal, Kwasha Lipton's Mr. Castells doubts the Employee Retirement Income Security Act ever intended to allow such an effect.

Under minimum funding rules, companies must fund plans to account for future salary assumptions, he said.

But following the spinoff and termination route enables plan sponsors to withdraw funds contributed to cover future benefits.

"One set of rules requires you to put the money in and another lets you take it out. It's a total inconsistency," he said.

In general, Mr. Holloway thinks the phenomenon of companies trying to take advantage of overfunded situations is transient. "I think we are looking at a temporary blip in a curve," as the United States is coming out of a recession. "Also, what the stock market gives, the stock market takes away. (The 'overfunding') could evaporate," he said.



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